
**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF ILLINOIS, EASTERN DIVISION**

In Re:)	
)	
Redline Metals, Inc.,)	NO. 24-12590
Debtor.)	
)	Chapter 11
)	Honorable Judge Jaqueline P. Cox

**DEBTOR'S REPORT OF DESIGNATION OF STALKING HORSE BIDDER
PURSUANT TO THE BID PROCEDURES APPROVED BY THE BANKRUPTCY
COURT ON DECEMBER 23, 2024 (DOCKET 190)**

NOW COMES the Debtor, Redline Metals, Inc. ("Debtor"), by and through its attorneys, Paul M. Bach and Penelope N. Bach of Bach Law Offices, Inc., and pursuant to the Bid Procedures approved by the Bankruptcy Court on December 23, 2024 (Docket 190) designates PPL Acquisition Group XIX, LLC and United Scrap Metal, Inc. as a Stalking Horse Bidder and in support thereof states as follows:

1. The instant bankruptcy proceeding was filed under Chapter 11 of the Bankruptcy Code on August 27, 2024.
2. The Sale Procedures Order (Docket 190) approves the Bid Procedures.
3. In the Bid Procedures, the Debtor is given the authority to designate a Stalking Horse Bidder.
4. The Debtor has entered into a Letter of Intent (LOI) and a Stalking Horse Asset Purchase Agreement (APA) with PPL Acquisition Group XIX, LLC and United Scrap Metal, Inc. and hereby designates PPL Acquisition Group XIX, LLC and United Scrap Metal, Inc. as a Stalking Horse Bidder.
5. The terms of the Stalking Horse Bid are as follows:

Machinery & Equipment Purchase Price: Purchaser shall purchase Machinery & Equipment Assets for \$2,000,000.00, plus additional sharing as noted below, subject to diligence plus the Inventory Purchase Price. \$500,000.00 will be held in escrow as a holdback until Redline can identify and return to Redline's premises all Trucks, Trailers, Hoppers, Luggers, and Machinery & Equipment identified in sale materials prepared by Redline and listed in the Exhibit A. Closing shall occur within three (3) days of final Court approval of the sale but no later than January 31, 2025.

a. Actual amounts collected from the re-sale of the Machinery & Equipment Assets ("Machinery and Equipment Re-Sale") shall be distributed as follows:

- i. The first \$2,000,000 to Purchaser, less any expenses advanced pursuant to the Transition Service Agreement (the "TSA") to reimburse the Purchase Price already paid by Purchaser;
- ii. The next \$100,000 to Purchaser to cover expenses and risk ("Expenses"); and
- iii. All proceeds over \$2,100,000 split 95% to Redline and 5% to Purchaser (exclusive of sales tax and Buyer's Premium).

Inventory Purchase Price: At Closing, Purchaser will have representatives on-site to oversee Redline loading the inventory on trucks to be delivered to United Scrap facility in Cicero, IL (Purchaser is only responsible for loading and unloading and trucking expense). When trucks leave Redline's facilities in Elgin and Lombard, the material will be weighed. When trucks arrive at United Scrap facility, they will be weighed and evaluated for contents and grades. Redline may have a representative at United Scrap facility to review the final weights by grade. Within 72 hours of arrival to United Scrap yard, Purchaser will provide a detailed assessment of the weight by grade of metal ("Purchaser's Inspected Inventory") and agrees to pay Redline 80% of the market value of Purchaser's Inspected Inventory according to the Fastmarkets or London Metal Exchange pricing as determined by Purchaser for the inventory in Elgin and 85% of the market value of Purchaser's Inspected Inventory according to the Fastmarkets or London Metal Exchange pricing as determined by Purchaser for the inventory in Lombard. Purchaser will provide Redline with a Letter of Credit in the amount equal to \$2,000,000 to guarantee payment of Inventory Purchase Price.

Accounts Receivable Purchase Price: Purchaser shall collect all of Red line's Accounts Receivable for a 7.5% collection fee, 92.5% of all of Redline's Accounts Receivable collected shall be remitted to Redline.

Machinery and Equipment Re-Sale: Purchaser will conduct privately negotiated sales and a public Auction of the Machinery and Equipment which will be held at the Redline's Premises ("Auction"), or at such other locations as Purchaser may be required based on expiration of Redline's lease(s). If Purchaser is required to remove Goods from Premises or pay for occupancy at Premises during the Premises Occupancy Term (defined below), the associated costs incurred by Purchaser will be a reduction to the Machinery and Equipment Purchase Price. The Auction will be conducted no later than 60 days from the date of this executed Agreement and

Bankruptcy Court Approval. Purchaser will charge a Buyer's Premium equal to 18% on all Machinery and equipment sales.

6. The following was agreed to in the Stalking Horse APA as bid protections:

Purchaser's APA will be deemed the Stalking Horse APA and Purchaser will be provided Stalking Horse privileges including (i) a breakup fee of 3% ("Break-Up Fee"). Any competing bids must include all of the following, at a minimum: (i) a minimum overbid of at least 85% for the Elgin Inventory Market Value plus a minimum overbid of at least 90% of Lombard Inventory Market Value (ii), a Letter of Credit or suitable proof of funds demonstrating an immediate ability to close in cash of at least \$2,200,000 for the Inventory (iii), and an additional Machinery and Equipment Purchase Price of at least \$2,200,000 with the same Machinery & Equipment Waterfall If Seller elects to solicit higher and better offers, it has to include all Assets combined and Assets cannot be bifurcated.

7. Attached to this designation is the Stalking Horse LOI and APA.

Dated: January 10, 2025

Respectfully Submitted,
/s/ Paul M. Bach
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